

Message Text

LIMITED OFFICIAL USE

PAGE 01 SAN JO 04291 022153Z

11

ACTION EB-07

INFO OCT-01 ARA-06 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /099 W

----- 092876

R 022120Z SEP 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4978

INFO AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY PANAMA

USDEL MTN GENEVA

LIMITED OFFICIAL USE SAN JOSE 4291

DEPARTMENT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EFIN, ETRD, MTN, CS

SUBJECT: NEW COFFEE EXPORT TAX REPEALED

REF: SAN JOSE 3911

BEGIN UNCLASSIFIED

1. IN A TELEVISED ADDRESS TO THE NATION ON AUGUST 31, PRESIDENT ODUBER ANNOUNCED HIS REPEAL OF THE MODIFIED EXPORT TAX ON COFFEE (REPORTED IN REFTEL) WHICH WOULD HAVE GONE INTO EFFECT ON OCTOBER 1, 1976. THE NEW TAX WOULD HAVE BEEN PEGGED TO THE SELLING PRICE OF COFFEE AND, BECAUSE OF THE CURRENT HIGH PRICE OF COFFEE, DOULD HAVE RAISED THE EFFECTIVE TAX RATE ON EXPORTED COFFEE TO 13 TO 18 PERCENT AD VALOREM. IN REPEALING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SAN JO 04291 022153Z

THE NEW TAX, ODUBER REESTABLISHED THE OLD TAX WHICH WAS A FLAT

8 PERCENT AD VALOREM REGARDLESS OF THE SELLING PRICE OF COFFEE.

2. IN ANNOUNCING HIS DECISION, ODUBER ADMITTED THAT THE COFFEE GROWERS, ESPECIALLY THE SMALL GROWERS ORGANIZED INTO COOPERATIVES, HAD MANY TELLING ARGUMENTS AGAINST THE HIGHER TAX, THE KEY ONE BEING "HOW CAN AN ADMINISTRATION THAT HAS REPEATEDLY CALLED FOR STIMULI TO THE AGRICULTURAL SECTOR IN AN EFFORT TO KEEP THE RURAL FOLK DOWN ON THE FARM NOW TURN AROUND AND IMPOSE AN EXAGGERATED TAX THAT IS NOTHING MORE THAN A DIS-INCENTIVE." ODUBER ALSO CONCEDED THAT THE GOVERNMENT WOULD HAVE TO MODIFY ITS FISCAL PLANS NOW THAT COFFEE EXPORTS WOULD YIELD LESS REVENUES. HE ALSO WARNED THE COFFEE GROWERS TO USE THEIR HIGH COFFEE EARNINGS WISELY, TO IMPROVE THEIR COFFEE GROVES, AND RAISE THEIR YIELDS, ALREADY THE HIGHEST IN THE WORLD. END UNCLASSIFIED.

3. BEGIN LIMITED OFFICIAL USE: COMMENT: SOME OBSERVERS THINK THAT ODUBER REPEALED THE HIGHER TAX, NOT OUT OF CONCERN FOR THE SMALL PRODUCERS, BUT IN REACTION TO STRONG PRESSURE FROM THE BIG PRODUCERS, THE 20 OR SO FAMILIES AND CORPORATE ENTITIES THAT CONTROL OVER 50 PERCENT OF THE COUNTRY'S COFFEE PRODUCTION. WE SUSPECT THERE WAS PRESSURE FROM BOTH SMALL AND LARGE PRODUCERS TO REPEAL THE TAX. TODMAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, EXPORTS, CUSTOMS DUTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 02 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SANJO04291
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760334-0646
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760997/aaaadfcs.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 SAN JOSE 3911
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by greeneet>; APPROVED <13 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW COFFEE EXPORT TAX REPEALED
TAGS: EFIN, ETRD, CS, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006